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THE AUSTRIAN PROBLEM

BY DR. HANS SCHOBER

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SINCE the disastrous wreck in October, 1918, philanthropists and politicians of the old and the new world have been repeatedly interested in the Austrian problem. Numerous articles by benevolent or envious "experts" on the conditions of Austria have been published and also many pamphlets devoted to this subject by friends and enemies. Nevertheless I have the impression that up to date the problem, as it stands, is not yet known or is only incompletely understood, else it would be impossible that the recent journeys of the Austrian Chancellor had again to wake the world to the astonished question, "But what is amiss with Austria?" Often one hears opinions, uttered by men intimate with the creators of this new Austria and with those who helped to perform the unfortunate peace treaty of St. Germain, which prove that even they have no conception of the political and economical necessities of these former provinces of the old Danube Monarchy representing the Austria of today.

After the wreckage of 1918, in Austria—famished and nearly bled to death, unable to feed her inhabitants—the old people and the children perished by thousands in consequence of the blockade organized by the Entente against Germany and Austria. Then relief actions sprang up, led by the United States, which established generous children's relief, and stopped thus the destruction of a people whose only guilt was to have done its duty toward its country and the then reigning family, up to the end of the war without reserve, with exemplary loyalty, and with unflinching self-denial. But these relief projects brought on the other side the impression of the Beggar State, Austria, and of course could not induce the capitalistic world to invest money in this country. Money, from the point of view of capitalists, should be productive.

Since then a stream of foreigners has gone through Austria, has taken notice of her beauties and profited by the high culture and all the other advantages of the capital, Vienna, and they came to the conclusion that Austria and its capital belong among the most beautiful treasures of the world, and that everybody ought to travel in the country and see the beautiful city. I admit this stream of foreigners will help economically to make Austria flourish in the future. Unfortunately, however, the influx is made up not only of tourists and sightseers, who come with an earnest desire to learn about Austria and to help in her distress, but it is also largely composed of traders and profiteers, who come only to take advantage of the exchange, and to buy up stocks in such quantities that prices are raised far beyond the reach of the Austrian people.

It is necessary first to rebuild the country economically, and I am afraid that even the unselfish nations who kept off the worst from Austria by their philanthropy are sufficiently informed that the Austria of today contains possibilities of erecting commercial enterprises and serving well the end of both parties; in short, that Austria offers sound opportunities to invest money and

chances for good business, if only certain premises are assured these enterprises. These politically disinterested nations could crown their work of philanthropy by completing it through the economical reconstruction of Austria, creating at the same time for themselves an advantageous position in this country, whose geographical situation makes it the center of Europe, that would secure to them the whole East and southeast Europe as a market.

The present Austria is a natural gateway, uniting the Occident with the Orient. Vienna is the sallyport through which to reach not only Hungary, Jugoslavia, and Rumania, but the Balkans and Poland, and even Russia, by the way of the Ukraine. The mighty Danube, with its tributaries, offers, to one looking at a map of Central Europe without its political frontiers, a perfect whole; so that if an outsider, having no idea of the historical frontiers of the Austro-Hungarian Monarchy, would be asked to draw a State in this map with natural geographical frontiers, he would undoubtedly draw a State very much like the former Austro-Hungarian Monarchy, adding, perhaps, out of geographical considerations, the present Rumania and Jugoslavia.

Thus the sphere of the Danube is an economic body, such as Nature, to my knowledge, never again traced with like distinctness and impressiveness on the terrestrial globe. Besides, a glance at the map of nationalities in Europe shows that the States belonging to the Danube system are occupied by numerous nationalities. Although there are large territories occupied by one race only, it becomes impossible to draw natural frontiers for national States without forcing great alien minorities, counting not by thousands but by millions, to be united with a comparatively weak but ruling majority. It is clear that this means an open disregard for and contempt of the right of self-determination.

These are preliminary remarks. I want to call the history of Europe since the time of the great migration of peoples as a witness. In these parts, described as the "Whirlpool of Europe," in long bygone times national States were founded, but dissolved after comparatively short periods. Constructed on the basis of oppressing alien nationalities, they had no inner power to continue. Everybody acquainted with the history of Great Bulgaria, Great Servia, and Great Croatia will confirm this. These episodes may serve as examples for the aforesaid thesis.

In the middle ages the economic unity of the Danube system led to several attempts to join the main territory of the present Czechoslovakia, Bohemia, Moravia, and Silesia to the countries forming the present Austria. Once the Przemyslide Ottokar II united for a short time with his Bohemian Kingdom Karinthia, Stiria, and Upper and Lower Austria. Once it was a Habsburg who strove after the crown of Bohemia and got it, so trying to provide for his dominions the necessary economic supplements. The history of the middle ages teaches us that through generations unions existed between Hungary and Poland, between Hungary and Bohemia, and repeatedly, though always only for a short period, between Austria and Hungary (1438-1458). And if the last king of Hungary and Bohemia, the Jagellon Ludwig II, who died a hero's death fighting the Turks on the battlefield of Mohacs (August 29,

1526), did sign a reciprocal treaty of succession and leave his realm to his double brother-in-law, the Habsburgian Ferdinand I, this was only done in conformity with economic necessities. The Austro-Hungarian Monarchy began with the battle of Mohacs and continued for nearly 400 years, notwithstanding various tempestuous and often irrational and reckless governments.

Already in 1529—that is, three years after the union with Hungary and Bohemia—the walls of Vienna broke the power of the Turks when they took the field and wanted to annihilate occidental culture as far as the Rhine. In 1683 the Turkish army was beaten a second time before the walls of Vienna. From that time dates the decay of Turkey, and western culture begins to spread over the before-mentioned economic sphere of the Danube. The monarchy outlasted even Napoleon. Her army of different tribes withstood and inflicted a severe defeat upon the, until then, invulnerable Imperator at Aspern (May, 1809).

That the union of a dozen nationalities in one economic body and one political commonwealth had the power to keep its independence for about 400 years, to hold not only its ground, but to dominate for so long a period, compels the conclusion that this was not the work of a dynasty, not the product of a single ambitious family, but rather the result of a more powerful influence—the influence of geographical conditions which naturally bound together this product of economic necessities. Laws of nature united the nationalities and fragments of nationalities on the territory of the old monarchy and kept them together, notwithstanding all foreign influences and all intrigues, until the autumn of 1918.

Everybody really acquainted with Austria's home affairs during the last twenty years will confirm the fact that the so-called "Irredenta," in the Italian districts of Austria—that is, South Tyrol, Görz, and Istria—as well as a similar movement in the South Slavian districts, meaning those inhabited by Servians—viz., South Hungary, Croatia, Bosnia, Dalmatia—would not have led to a separation of these parts from Austria but for the war, or, rather, but for the treaty of St. Germain. On the contrary, not counting paid agents and national hot-spurs among the half-educated intelligent classes, the majority of the nation, notwithstanding their earnest national convictions and occasional complaints of an insufficient administration, understood very well that their economic interest was closely connected with Austro-Hungary. Today the former Irredentists of Triest realize that their town is no more a port of importance since it has to compete with Venice and the other Italian ports.

It would be easy to prove that especially the districts inhabited by Servians could have been won for Austro-Hungary by a greater consideration by the Austro-Hungarian diplomats. Instead of these districts seeking a separation from Austria, the parts inhabited by Servians outside the monarchy would have sought a union if the sound idea lying at the bottom of the so-called "Trialism"—that is, the division of the Austro-Hungarian Monarchy into three parts with national autonomy—*i. e.*, one Austrian, one Hungarian, and one Jugoslavian block—had been fulfilled. The more cultivated Servians of the monarchy would have proved an attraction,

becoming stronger from year to year and leading with great probability to a union of the Servians outside the monarchy with Austria. It is an undeniable fact that the Rumanians of Siebenbürgen (belonging then to Hungary), as well as the Rumanians of Bukowina, were much more cultivated than the Rumanians of the same social class belonging to the Rumanian Kingdom; so that even during the war leading Rumanian politicians strongly recommended a fusion of the Rumanian Kingdom with Austro-Hungary. At the end of the 18th century Poland was divided in three parts. Austria alone gave to her Polish subjects the possibility of national development. In Austria the Poles, numbering 4,000,000, owned two universities, one in Krakau and another in Lemberg, which meant a privilege of undisturbed national development not shared by the Prussian or Russian Poles.

These few examples, which could easily be supplemented by others, give a little idea of the *true* position of the Austro-Hungarian Monarchy. I will not conceal that much of what the government undertook was perverted, was executed by halves, timidly or hesitatingly. In Hungary especially the problem of nationalities, though "lawfully" provided for, met with no practical understanding, even of Hungary's real wants. Besides, narrow-minded measures, dictated from a purely agrarian point of view, led repeatedly to economic troubles with Rumania and Servia, aggravating thereby the existing national difficulties by economic quarrels. This, after all, cooled the relation of the monarchy to the aforesaid States and inevitably brought on the war, the more so because Servia saw no other way to realize her "national ideals" and "economic necessities." The bloody deed of Sarajevo was surely the immediate provocation for the outbreak of the war; but the need of the Servians to export their pigs and agrarian products to Austria, which Hungary prohibited, was the origin of Servia's enmity.

The Servians saw their natural way to export and their market, not only in Saloniki, which lay open to them, but in the monarchy connected with them not only by the Danube, but by rail; and this fact proves more than anything else the truth of the economic unity of the Danube system.

The war has smashed the monarchy to pieces, and the treaty of St. Germain has sanctioned the fact by dismembering the old monarchy, turning her into the national States of Hungary, Austria, and Czechoslovakia, and by presenting vast territories, inhabited by different nationalities, to the newly founded Polish Republic, to the Kingdom of Rumania, to Jugoslavia, and to Italy.

The present Republic, Austria, has about six and a half million of inhabitants, which, not counting a small Tscheque minority in Vienna and a small Hungarian and Croatian minority in Burgenland, are Germans. The alien minorities amount to less than 10 per cent of the population.

In the territories allotted to Italy—*i. e.*, South Tyrol, Görz-Gradiska, Istria, and Triest—live nearly 300,000 Germans. In Czechoslovakia, a State with thirteen million of inhabitants, live four million Germans and one and a half million Hungarians; so, not regarding the other nationalities, those two minorities alone represent five and a half million—*i. e.*, 40 per cent of the whole

population. Rumania's increase numbered, besides three million Rumanians, one million Magyars and nearly a half million Germans; so that there, too, one may speak of great minorities in the annexed countries.

This method of erecting States is really not founded on the principle of self-determination of the people. This becomes obvious, even to those who once with confident hearts put their faith in the fourteen points of Wilson. That the situation created by the peace treaties in the year 1919 in Europe cannot be of long duration, especially if they are accentuated beyond this by prohibitive economic systems of the succession States, is clear to men who understand these situations, and in a short time it will become so to the political leaders of the Entente. Redress is possible, at least on economic lines, if the errors committed by the great statesmen who signed the treaties of peace in 1919 were willingly and quickly corrected. I have referred to the means by which to do this in a general way. At the end of this article I will specify them. Now back to Austria!

The peace of St. Germain separated from the old monarchy the so-called "German Austria" as an independent country. Later on this new State was forbidden to call herself German Austria, and had to accept the name of "Austria." It is true that "German Austria" was linguistically right, for "Austria" is almost entirely German. But the name was wrong, because out of the twelve million Germans of the former Austria only six million belong to the present Austria. This fact alone proves that, while dismembering the monarchy as well as creating the present Austria, the right of self-determination of nations was absolutely disregarded. Austria represents only the remnant of what the succession States have found desirable to leave, just as Hungary is only a torso, the remnant of the prey which the succession States could not well digest without serious damage to their own health.

As long as the present Austria belonged to the old monarchy, she got from Bohemia and Silesia her coal; from Galicia, besides different agrarian products, as meat and eggs, all the petrol she needed. Hungary supplied her with meat and corn; Croatia and Slavonia with fat and corn. All the things which the present Austria needed were found within the old frontiers. And so it happened that the mineral treasures of the present Austria remained unexploited for centuries; that the water power, which this land has so abundantly, remained unused; and so it came about that even the agrarian production was restricted to the indispensable, and nobody thought of systematically improving it.

The peace treaty of St. Germain has bestowed independence on this new Austria, and at the same time shut her off hermetically from the territories which had supplied her with the necessities of life. At the same time it forbade the union with Germany and refused to give her or kept back the means to develop her own slumbering powers, and so robbed her of the fundamental conditions to guarantee an independent existence; and during the last three years these means were not forthcoming; the new State was fed on promises, and got no real help.

Four years have elapsed since the wreckage, and what was promised by the peace treaty has not been fulfilled. After the wreckage the morally and economically worn-

out people could only be kept quiet by giving them the necessary food. In consequence of the aforescribed circumstances food had to be imported from far off, mostly from America. Never may the help be forgotten which the Austrian people got through America at first, and then from Switzerland, Holland, and Sweden, as well as from other nations! But the nations responsible for the peace treaty have never fulfilled their promise to Austria. The promised credits have either not come at all or they have appeared in doles, and even these never came in time.

In February, 1921, a credit was promised in London to the Austrian Government. In the summer of 1921 the fulfillment of this promise was suddenly made to depend on the postponement of the liens and the consent of the United States of America. Until the arrival of this acquiescence, France and England promised to advance instalments at the beginning of September. These advances were promised to the Austrian Finance Minister, Grimm, so earnestly that he expected to find them on his arrival in Vienna; but only in October, 1921, did France and England pay intermediate State credits of £250,000 each, a sum only to be compared with the cent thrown into the beggar's hat. Surely, this was not the fulfillment of the obligation which the powers had accepted and which was utterly insufficient for the beginning of an internal action to rescue the country.

At the end of January, 1922, the Austrian Government sent an urgent appeal to France and England, and in an appreciable manner England and France granted a sum—England two million pounds sterling, France, fifty-five million francs, and Italy voluntarily joined the action with a "promise" of a loan of seventy million lire. Meanwhile the Austrian Government made heroic efforts to abolish the subvention on rational food for the population, which proved disastrous for the State's budget. It tried to increase the income out of State establishments and monopolies and fought the deficit also by diminishing the expenses.

The Austrian Government, confident that, in accordance with the acknowledged need, the credits were really forthcoming, quickly drew up, with the aid of the Parliament, a plan founded on the simultaneous arrival of the three credits at once. The plan became obsolete, because only the English money came in February, the French came partly in August, and the Italian has not arrived even today. This proceeding of the "powers" must make all efforts of the Austrian Government useless. The deficit of the State and the inflation of bank notes grew alarmingly, bringing us nearer to the breakdown at a startling pace.

It would mean to be blind to one's own "sins" if the political situation in Austria should be left unmentioned. The following parties are represented in the Austrian Parliament: The Conservative Christian Social Party, with 85 members; the Social Democrats, with 69 members; the "Grossdeutsche" Party, with 21 members; the German Peasant Party, with 7 members; the "Bürgerliche Arbeiterpartei," with 1 member. The present majority comprises all bourgeois parties, with 114 votes. The opposition is represented by the social democratic block of 69 votes.

Many Austrian politicians are occupied much more with party politics than with economic politics, and

often the interests of the party make them forget the interests of the State. Now our situation requires the utmost exertions for the benefit of the country, and therefore party politics cannot be tolerated; the nation cannot understand why the existence of the whole State, the life of every single man must always be put in the background on account of the fear of lost votes and a seat in the Parliament in the next election. The Austrian politicians are, on the whole, not yet aware of the great responsibility resting on their shoulders. They forget that in a republic, in a democracy, where, according to the constitution, all power emanates from the people, they themselves have to elect the government, and therefore all parties ought to join in the noble emulation and ambition to serve the general welfare, not to endanger the existence of everything by barren quarrels. At this time we must all of us cling to the sentence, "Right or wrong—my country." No class has the privilege to stand aside and think to run no risk if the State break down. Today the leaders of the parties are convinced of this; but in partisan politics these truths have not overcome the petty party intrigues. The necessity to reorganize the system of taxation, to dismiss part of the government officials, to extend rationally the establishments of the State, as well as sundry other reformative measures, are admitted readily by the leaders; but the fear of losing some mandates in Parliament hinders them from giving practical proofs of their sound convictions.

Reasssuming the aforesaid and deducing the forcibly logical conclusions, I may venture to assert that this State could live independently if only the conditions for its life would be granted to her internally and externally. They would be:

(1) *Internal* reforms, legislative and administrative, measures which would give absolute security to the invested foreign capital in every direction; a liberal and unrelentingly practiced policy of self-help, which will simplify the administration, dismiss the superfluous officials, and make possible the development of the establishments of State according to rational commercial principles; provide an energetic check to inflation and increase the State's income by taxing the financial capacity of the population as far as possible.

(2) *Foreign* help, such as will develop the slumbering economic forces. To this end we need investments to intensify the agriculture of the country, to develop the water power, to increase the rentability of our industrial establishments, and to exploit the mineral treasures. For some time, until the increased production shows its effects, a credit is necessary to keep the budget of the State in order.

(3) The *third* must be the reconstruction of the economic body of central Europe and southeast Europe. Nobody needs fear that the political system existing before the war will reappear; that is absolutely impossible today; but the absurd economic barriers raised between countries economically dependent on each other for their welfare must be removed. For instance, Czechoslovakia cannot live without the natural market for her industry, and sooner or later a crisis will come, showing the reversion of the flourishing conditions of Czechoslovakia of today.

If this be carried through, Austria, whose agricultural

territory is larger than the agricultural territory of Switzerland, will have peace. She will be no more compelled to stand as a beggar before the door of the Entente; and Vienna, the natural center of Europe, the metropolis of the Danube system, will be able to fulfill her mission and carry culture to the east of Europe. The mighty nations of this earth may be satisfied that then, in the center of Europe, the danger of Balkanic conditions will be overcome.

AUSTRIA

By COL. W. B. CAUSEY

Technical Adviser to Austria

THE PROGRAM of the League of Nations for credits for Austria is now being discussed in the Austrian Parliament, and while I have no doubt that the program will be accepted, there is and will be strong opposition to its acceptance on the part of the Social Democrats. In a way, however, this opposition is not whole-hearted, as the leaders of the Social Democrats realize that up to the present time no other plan has been offered whereby the outside credits, which are so essential to the future life of Austria, might be obtained. The Social Democrats claim that it is possible to raise within the country the money necessary to rehabilitate the finances of the State. I can hardly believe that this is possible at this time and I do not believe that the Social Democrats themselves really have confidence in this scheme. They oppose the League of Nations program principally because this program was brought about by the Christian Socialist administration under the leadership of Chancellor Seipel, who is a Catholic prelate.

PESSIMISM

I am rather pessimistic about the realization of the League of Nations scheme, first, because of the lack at the present time of the political authority needed to enforce regulations for reduction of forces and for other reforms and retrenchments generally. It is questionable whether this political authority can be obtained without the co-operation of the Socialists, and at the present time there seems to be no disposition on the part of the present Christian Socialist (bourgeois) regime to make a coalition with the Social Democrats (Socialists), although the latter have at times recently evidenced a disposition to take part in the government. It might be said, however, that the Socialists would want to enter the Government on their own terms, as usual. The second reason for my pessimism is whether the money can be raised by the League of Nations, even if the Austrians show that they have the authority to put their house in order.

AMERICAN FINANCIAL ATTITUDE

Judging from the expressions of several representatives of strong financial interests in America with whom I have had interviews in Vienna during the past twelve months, I am inclined to believe that it might be possible to finance Austria in America if the Americans could be definitely assured that the Austrians had put their house in order and were in position to deliver such